

Voluntary Report – Voluntary - Public Distribution

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Report Name: USD 540 Million Covid-19 Aid Package for Re-Opening
Austrian Gastronomy

Country: Austria

Post: Vienna

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Report Highlights:

The Austrian gastronomy sector has been severely impacted by the Covid-19 lockdown. Since March 17, 2020, all restaurants have been closed due to the Covid-19 pandemic. With the gradual lifting of the lockdown measures, gastronomy operations (i.e. restaurants) are allowed to re-open their businesses as of March 15, 2020. The Austrian gastronomy package is part of the existing Corona Aid Fund and is endowed with € 500 million (\$ 540 million). The aid is intended to relieve the burden on the Covid-19 impacted restaurants and to boost consumption.

Austrian Gastronomy and Opening Requirements

The Austrian gastronomy sector has been severely impacted by the Covid-19 (Corona) lockdown. Gastronomy is an important sector of the Austrian economy and accounts for 44% of the tourism and leisure industries' GDP. Since March 17, 2020, all restaurants have been closed due to the Covid-19 pandemic. With the gradual lifting of the lockdown measures, gastronomy operations (i.e. restaurants) are allowed to re-open their businesses as of March 15, 2020.

The pre-conditions for the opening of restaurants and bars are:

- Operating hours from 6 a.m. to 11 p.m. only.
- A 1-meter safety distance must be kept between people unless they are seated at the same table.
- Only four adult people plus kids are allowed at one table.
- A physical distance of at least 1 meter must be kept between tables. Restaurants may choose to separate tables in a different manner, e.g. separating tables with plexiglass walls.
- Tables should be reserved before visiting a restaurant.
- Employees will have to wear facial coverings or a face shield if they are in contact with customers.
- No masks are needed for employees working in the kitchens.

€ 500 million (\$ 540 million) Covid-19 Aid Package for the Re-Opening Austrian Gastronomy

After various aid packages during the period of closure (including the Austrian “Hardship Fund” and the “Corona Aid Fund”), the government presented measures that are not only intended to relieve the burden on businesses, but also to boost consumption.

The gastronomy package (“Wirtshauspaket”) is part of the existing Corona Aid Fund of € 38 billion (\$ 41 billion) and is endowed with € 500 million (\$ 540 million). Vice Chancellor Werner Kogler emphasized that the tax relief is easy to set up and has an immediate effect when the system starts up again. So far, the Corona Aid Fund has primarily supported the liquidity for companies. But the newly introduced gastronomy package should, on the one hand, boost consumption again, and on the other hand relieve the tax burden on restaurant owners.

According to the Austrian government about 41,000 operations, and 145,000 employees should benefit from the aid package.

An example that the government provided:

A restaurant with a current annual turnover of around € 160,000 (\$ 172,821) currently pays taxes of € 6,260 (\$6,762); in the future, with the relief package only € 2,390 (\$ 2,582) will be due.

Actual measures include:

1. The sales tax for non-alcoholic beverages is reduced from 20 percent to 10 percent, which is the minimum rate. A lowering for alcoholic beverages is not possible due to EU requirements. That alone should result in a relief of around € 200 million (\$ 216 million). This measure is limited to the second half of the year - it starts on July 1st.

The relief only applies to the owners of the restaurants themselves - they should leave the prices for the guests the same.

2. The upper limit for flat-rate taxed businesses is raised from € 255,000 (\$ 243,030) to € 400,000 (\$ 432,053).

3. The sparkling wine tax is abolished. Sparkling wines have been taxed at € 1 (\$ 1.08) per liter in Austria since 2014. That brings about € 25 million (\$ 27 million).

4. The hiring of temporary workers should be made easier by easing the bureaucratic requirements.

5. The tax deductibility of business lunches is increased from 50 to 75 percent, as is the tax exemption for meal vouchers (from 4.4 to 8 euros).

Attachments:

No Attachments.